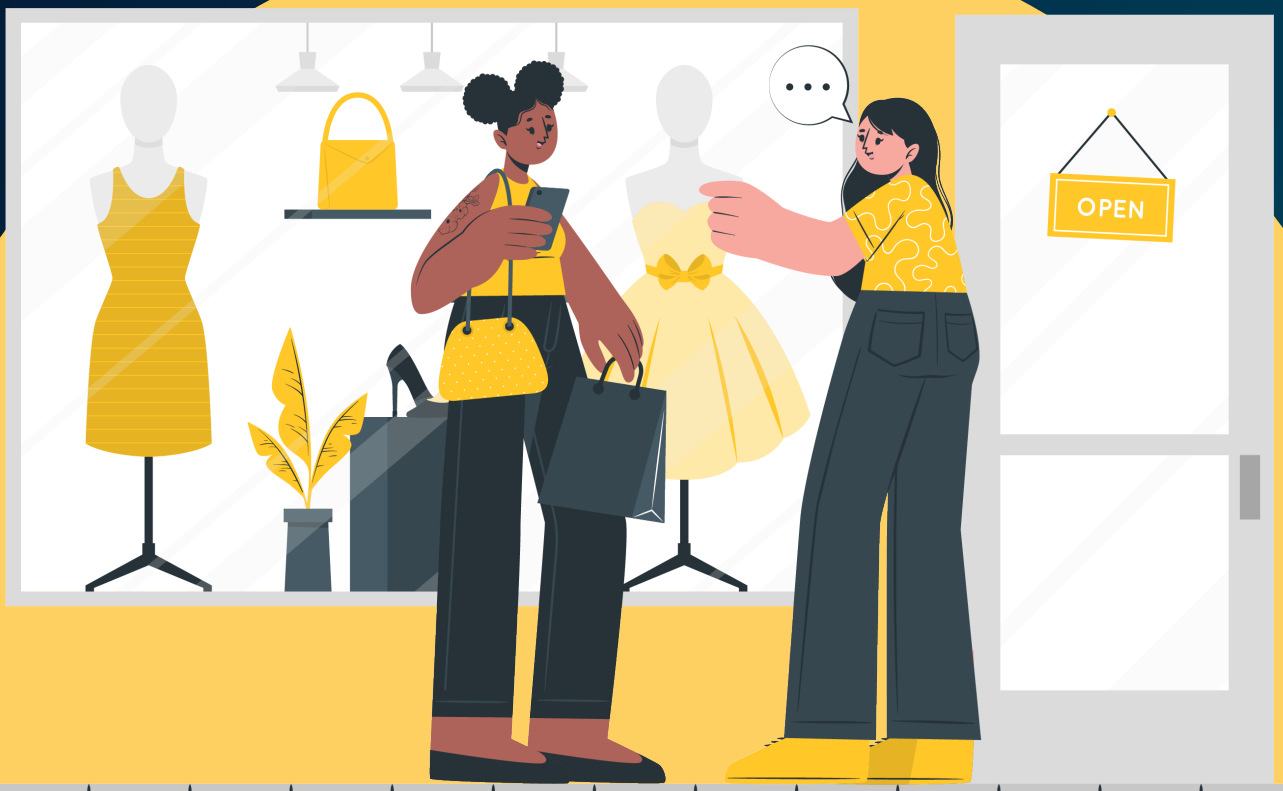


**red
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The Red Ant Guide
to
**engaging today's
luxury customers**

How they have changed, what motivates them and how to meet their expectations



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Old luxury v new luxury – new motivators and evolving attitudes

Luxury shoppers have changed – what they expect from their favourite brands has expanded beyond the primary goal of possessing a prestigious label or item which showcases their wealth. While elite experiences and opportunities to own exclusive products are still motivating factors, they're seeking broader, more personal connections with luxury brands that reflect their values and promote their self image.

This is in no small part due to a shift in attitude towards a more considered, thoughtful way of life, prompted by the unique challenges and necessary lifestyle changes we have all been dealing with over the last couple of years.

So what drives today's luxury shoppers if it isn't primarily wealth or prestige? [Luxe Digital magazine](#) put together a table illustrating the key differences between 'old' and 'new' luxury motivators:

	Old Luxury	New Luxury
Badge of	Status	Self expression
Social praise	Brand	Cultural credibility
Engagement	Passive Shoppers	Active storytellers
Adoption	Absolute	Mix & match (vintage & new, high & low)
Consumption	Conspicuous	Conscious
Shopping mindset	Ad hoc	Always on
Purchase starting point	Where	When

While there is inevitably an umbrella of factors that remain constant sitting over the changes (the desire for any purchase to reflect self-worth, for example, or to own a valuable piece as an investment), this shift in attitude is significant enough to have an impact on the way luxury retailers approach their strategy for engagement and the experiences they offer as part of the sales process.

Selling the story - self expression/active storytellers, cultural credibility

The idea that we all have a personal brand is not a new one – each of us has an image that we project either consciously or subconsciously, manifested by the choices we make and how we behave. For the new breed of luxury shoppers, this is especially true – maintaining the right kind of public image is paramount, and what they decide to purchase is very clearly influenced by this.

To tap into this desire to be seen as authentic, tasteful and socially significant, luxury retailers need to consider what story their brand is telling, and how it relates to the target audience in supporting their own brand and how they present themselves to the world.

Self-expression/active storytellers

The stories luxury shoppers tell about themselves are shaped by a number of factors, and the form their self-expression takes is one of the areas that has evolved significantly over the last few years.

While those in the market for luxury goods as recently as five years ago were looking for status symbols and the assumed cachet that accompanied them, today's luxury shoppers are looking for a different kind of social recognition. Delivered by brands seen as socially relevant and on the right side of key messages, they use purchases to amplify their personal image and the assumptions that go with it.

According to Luxe, millennials and Gen Z will account for 70% of the luxury market by 2025 and contribute 130% of luxury market growth, and an overwhelming number of them either find or share their identity on social platforms such as Instagram and TikTok. There's a focus on either becoming or following those that influence behaviour and, ultimately, purchases because association with the right kind of social personality and the items they showcase confers credibility and social currency.

According to luxury digital marketing experts [Verb](#):

- 54% of luxury consumers are noticing influencers more
- They are 6x more likely to discover new brands through influencers
- They are 3x more likely to follow an influencer than a brand

The business opportunities surrounding this behaviour are borne out by social platforms' strategic plans for monetisation. Major luxury brands including Gucci, Louis Vuitton, Dior and Prada have all signed up for both advertising and influencer campaigns.



Self expression – the challenge

Luxury retailers need to pay close attention to how customers present themselves and how their brand supports their personality. They must be prepared to tell an authentic story that relates to how customers see themselves – enhancing a personal brand with luxury goods that make them feel validated.

Solution

Speaking the language and supporting the self-image of luxury customers – existing and aspiring – both socially and as part of an overall experience should be at the heart of every engagement strategy. From a tech perspective, that means making sure store associates have the information they need to tell the right kind of story, via clienteling tools which provide:

- customer profile and preferences
- intelligence on where they have engaged with the brand before
- full access to social and marketing campaigns to reinforce and inform every interaction, so that the customer feels that they are fully understood
- in-depth knowledge of the full product range and how it supports the customer's personal story

Cultural credibility

As there is ever-increasing scrutiny of how those with wealth behave, the importance of maintaining cultural credibility has become more of a focus for luxury shoppers. Tied very closely to self-expression and the buyer's sense of identity, making purchases that are true to the culture the shopper has embraced as their own is a central theme for luxury shopping.

While this may be straightforward for heritage retailers, emerging luxury brands will need to take their cue from what their customers are saying about them. When it comes to the mighty power of social conversation, perception very often becomes reality.



As highlighted by marketing strategists [MarketVeep](#), taking an objective look at your brand and how it is seen by customers can revolutionise its position in the market and breathe new life into an underperforming strategy.

Gucci was a highly successful brand in the mid-2010s, but it found that its audience was aging and losing traction in the luxury market. Its famously bold and provocative aesthetic did not appeal to millennials because it didn't speak to their cultural moment.

In a bid to attract the hearts, minds and wallets of younger generations, it developed a progressive, culturally relevant mindset, with

- A new focus on visual communication
- A welcoming and empowering stance on gender fluidity
- A switch in positioning from 'glossy' to 'quirky' and 'activist'

As a result, it saw its best period of profit so far, with a renewed and ongoing interest from its target market of new luxury shoppers.

Cultural credibility – the challenge

Luxury brands need to examine their own cultural heritage and how it fits with today's luxury ethos – it will play a big part in engaging the new luxury shopper.

Solution

Providing an authentic insight into the brand's cultural stance depends on integrating essential data across the business to ensure there is a rich and readily accessible catalogue of both product and company information. From heritage and history to contemporary approaches to branding and positioning, it is vital that everyone from boardroom to shop floor has the opportunity to live, breathe and represent the retailer to customers in a way that feeds their cultural credibility.

From a retail tech perspective, this means:

- Integrated catalogue, inventory and product data to provide an endless aisle of rich information from across the brand's history
- Access to smart recommendations, online reviews, social media content, videos and blogs that provide social proof and expert insight

Purposeful elitism – mix and match/conscious consumption

Closely tied with cultural credibility, the concept of purposeful elitism – willingness to buy luxury goods that confer a degree of status in the right way that sends the right message – reinforces the luxury customer's desire to be seen to be using their wealth for a reason beyond possessing a status symbol.

Mix and match/conscious consumption

The move towards conscious consumption and varying a luxury purchase portfolio with a mixture of both new and pre-owned goods has accelerated in recent years, in line with increasing awareness among consumers in general of the environmental and social impact of manufacturing processes.

According to both [Luxe](#) and [Bain](#), the global second-hand market for luxury goods is going from strength to strength. It is estimated to reach £63 billion in 2025, with growth rates outpacing the wider luxury market. Growth is driven by resale, which is expected to grow 11 times faster than regular clothing retail. The fact that it is now possible to buy second-hand designer brands at supermarkets including [Asda](#) also reflects the move towards accessible luxury, buoyed by the popularity of numerous reselling apps including Vinted and Depop.

If luxury brands want to remain relevant and appeal to lucrative younger customers, being more inclusive and sustainable is a core consideration. According to predictive analytics experts [FirstInsight](#), 62% of both millennials and Gen Z actively seek out sustainable companies, and our own survey shows that a massive 90% of beauty customers will pay more for proven sustainability, all things being equal.

Luxury fashion brand [Chloé](#) is one example of a retailer making all the right moves. Not only is it [B Corp certified](#) (an organisation dedicated to transforming the global economy to benefit all people, communities and the planet), its latest winter collection featured more than 80% recycled cashmere yarn, with more than 50% of silk derived from organic agriculture. Most importantly, 100% of its product teams are trained on using materials with lower environmental impact and circularity, allowing it to speak with authenticity on the steps it is taking to be more sustainable.

Conscious consumption – the challenge

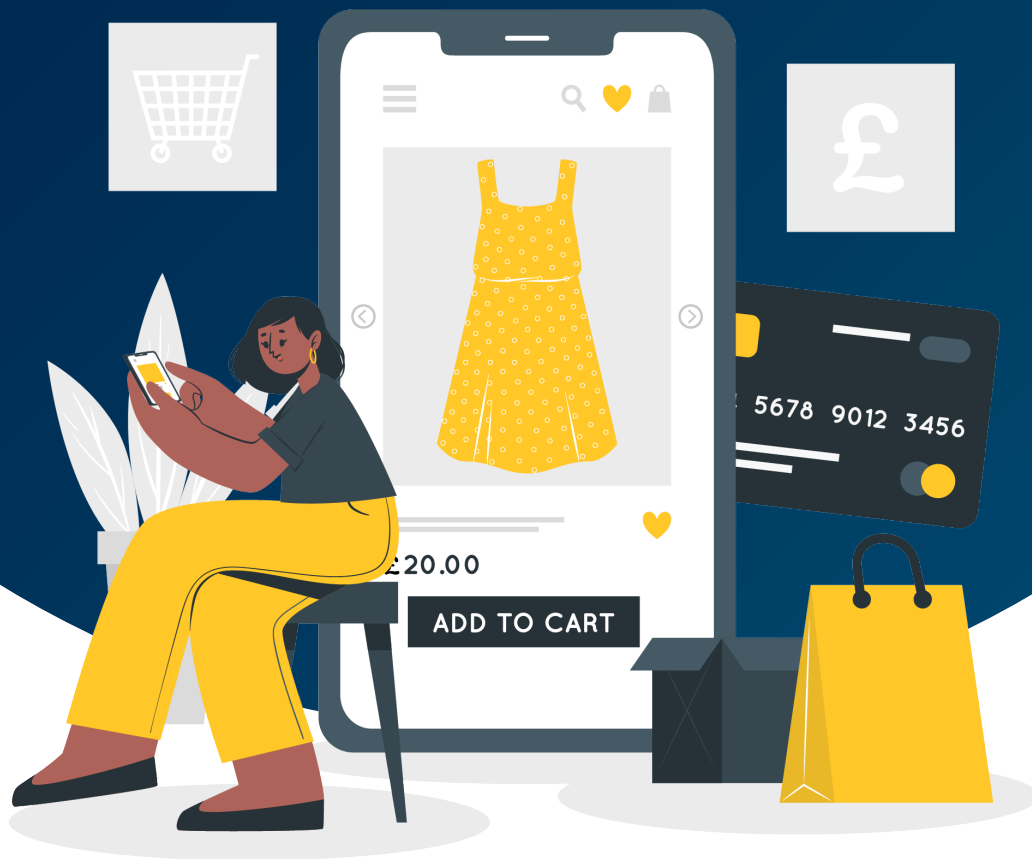
Proving to customers that your brand is ethical and actively uses sustainable manufacturing processes takes more than simply adding a green label to your products. Luxury customers - particularly those aged 16-30 - are keenly aware of which brands simply pay lip service to the concept without taking action, and those accused of 'greenwashing' risk having this exposed to the public, with the accompanying damage to sales and market position.

Solution

Luxury retailers need to be able to answer all their customers' questions around ethical business practices and sustainability with transparency, accountability and honesty.

As with cultural credibility above, from a retail technology perspective this cannot be achieved without giving store associates access to:

- Full details of the company's policy for sustainability and responsible manufacturing
- Support for the communication of the policy and the opportunity to become an ambassador, with the ability to answer all customer questions
- Information on the sustainability credentials for each product, including long-term effects of its manufacture



Universal paths to purchase – always on/‘when’ over ‘where’

Traditionally, the luxury shopping experience has been defined by a personal, tailored in-store visit, with customers expecting a one-to-one service that precisely meets their needs. For this reason, the advent of online shopping did not immediately gain significant traction in the industry. As eCommerce became more sophisticated and even the most heritage-bound luxury brands began to realise the value of allowing customers to shop where and when they chose, omnichannel services became more attractive as a gateway to sales.

This was consolidated by the changing demographic of luxury shoppers – largely digital natives with clear expectations for a modern, personalised service which they can access at their convenience.

Always on/‘when’ over ‘where’

Luxury retailers can no longer delay developing a strategy for meeting the needs of customers who expect to be able to shop whenever and wherever they choose, whether that’s in a store, in the comfort of their own home or while on the move across the globe.

As [Bain](#) reports, there was a 50% jump in luxury purchases online from 2019 to 2020, which has continued thanks to accelerated adoption during the pandemic. By 2025, they predict that 30% of global luxury sales will be online. And websites devoted to a single brand gained ground on other types of online platforms – they now make up 40% of online luxury commerce, up from 30% in 2019.

While it is clearly essential that luxury retailers have an online presence if they want to take full advantage of the spending power of their digitally-driven, 'always on' up and coming customers, the personal, human touch which feeds in to their other needs surrounding self expression and cultural credibility can only be delivered through face-to-face interactions, usually in-store.

Always on – the challenge

Luxury retailers need to acknowledge that their customers have cross-channel shopping patterns, governed by their real-time wants and needs. Giving them a personal service that meets their high standards depends on having a strategy for bridging the gap between online and offline – one which reflects the retail craft behind truly exceptional experiences.

Solution

For a seamless experience, luxury retailers need to commit to integrating data across their business, from operations and inventory management to customer profiles and product catalogues. The solution lies in adopting a retail technology ecosystem driven by a platform that delivers an omnichannel service:

- It provides a one-stop solution for store associates to build customer relationships, process sales and improve in-store efficiencies
- The best platforms are agnostic, using a single device with all the tools and insight required for world-class customer service and a personalised shopping experience, from rich product catalogues to online ordering in-store
- Two-way integration with online accounts seamlessly transfers customer profiles, baskets and wish lists from online to in-store for a more efficient and personalised service. Customers will be able to convert even after they've left the store with emailed reminders for complete-at-home purchases.

Today's luxury customers are looking for a new approach

As the shift in how luxury customers see themselves, their values and the way they prefer to shop continues (and is likely to accelerate as younger shoppers contribute more to the bottom line), luxury retailers need to take steps to ensure they keep pace with their needs. For customers who are increasingly digital natives with rich and extensive tech-enabled lives, that means embracing the retail technology that will deliver experiences that amplify their personal stories, support their desire for conscious consumption and allow them to engage whenever and however they choose.



Sell your story to luxury customers with Red Ant

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